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March 23, 2001

To: Special Education Local Plan Area Directors
and County Chief Business Officials

From: Eileen Cubanski, Manager
Special Education & Categorical Programs Unit
School Fiscal Services Division

Subject: Special Education Recertification of the First Principal Apportionment,
Fiscal Year 2000-01

This letter is to explain the changes made in the Special Education apportionments recertified as of March 2000, including those made in the recertification of the 1999-00 AB 602 and Nonpublic School/Licensed Children's Institution (NPS/LCI) Annual Apportionments, and recertification of the 2000-01 AB 602 First Principal Apportionment (P-1).

1999-00 Annual Apportionment Recertification

Changes since the 1999-00 Annual Apportionment certified in February included in this recertification include correction of an error in the distribution of charter school average daily attendance (ADA) and reduction of an overpayment for a NPS/LCI claim. With a few exceptions, the overall effect of these corrections resulted in increased funding to most Special Education Local Plan Areas (SELPAs) compared to the February 20, 2001 certification. Due to the redistribution of charter school ADA, a few SELPAs that erroneously received excess charter school ADA in February will notice a reduction in funding, along with the SELPA that experienced a reduction due to the correction of an overpayment for NPS/LCI costs.

Growth continues to be fully funded and there continues to be a deficiency in the 1999-00 AB 602 base due to the transfer of funds from the 1999-00 base appropriation to cover 1997-98 prior year corrections. The Legislature and the Davis Administration have already determined that the deficiency due to 1997-98 prior year corrections will not be funded for 1999-00, but will be funded in 2000-01 and subsequent fiscal years. Due to the correction of the NPS/LCI overpayment, the base deficiency has gone down slightly from 3.7 percent in February to 3.4 percent.

2000-01 First Principal Apportionment Recertification

Changes since the 2000-01 First Principal Apportionment (P-1) in February include correction of an error in the distribution of charter school ADA, the inclusion of California School Age

Families Education (Cal-SAFE) program ADA in the growth calculation for AB 602 (which was inadvertently excluded in February), and correction for an error in our formula for calculating the declining enrollment adjustment for declining enrollment SELPAs. With the exception of a few SELPAs, which experienced a reduction in ADA due to the correction of the erroneous distribution of excess charter school ADA in February, most SELPAs will notice an increase in the level of funding for special education as a result of the changes in the recertification of P-1. The statewide effect of these changes is a reduction in the growth entitlement and, consequently, a reduction in the growth deficit from 40 percent in February to 31 percent.

There continues to be a deficiency in 2000-01 due a difference between actual and projected general fund offsets to the special education program. Both the actual federal funds and local property tax revenues for special education used for 2000-01 in February to offset the general fund need for the apportionment are significantly lower than the DOF's projected federal fund and local property tax revenue offsets used in the DOF's calculation to determine the general fund appropriation for special education. As noted in our P-1 apportionment letter dated February 21, 2001, neither the actual federal funds nor local property tax revenues used at P-1 are final, and we continue to expect that the deficiency will be reduced at 2000-01 Second Principal Apportionment in June 2001.

We will submit a request to the DOF and the Legislature this spring for additional funding to cover the base deficiency, as well as sufficient funding to cover any deficit in growth.

1999-00 NPS/LCI

The calculated 1999-00 Annual NPS/LCI entitlement is fully funded at \$112.5 million. In correcting the overpayment of a NPS/LCI claim, \$3.1 million was transferred to the 1999-00 base appropriation, reducing the base deficiency.

Special Education Fiscal Services Unit Contact Information

The revised exhibits for the P-1 recertification will not be mailed, but can be obtained on our Web site at: (www.cde.ca.gov/sfsdiv/special_ed). If you have problems accessing copies of your exhibits, please contact Debra Grillo at (916) 324-6899. If you have questions regarding this certification, or the reconciliation and revision of data, please contact Judy Johnson at (916) 323-5185 or by e-mail (jjohnson@cde.ca.gov). For questions regarding the NPS/LCI calculation please contact Marcia Davey at (916) 327-2111 or by e-mail (mdavey@cde.ca.gov).